

Ex-post analysis in the CNMC

Ane Martin

Annual Competition Conference

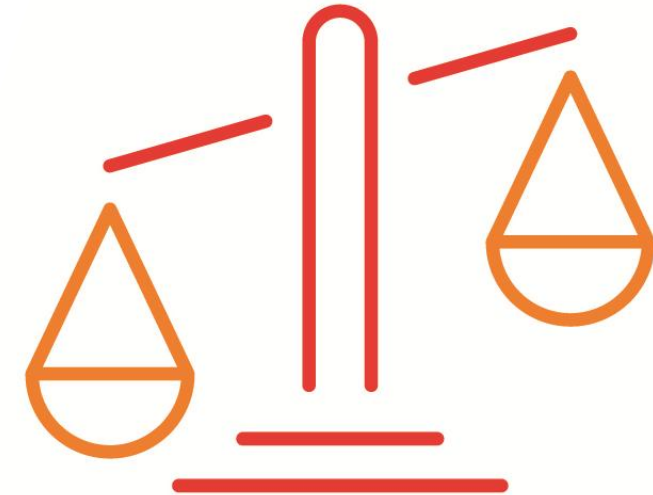
June 2025, Bratislava



Ex post evaluation

Introduction

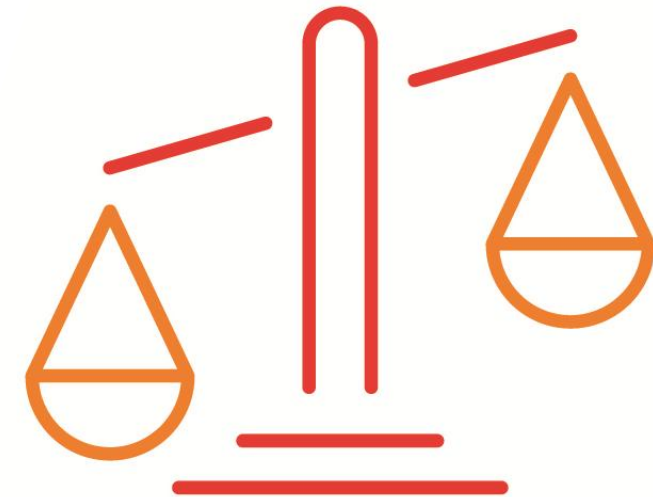
- NCAs are interested in assessing the impact their activities have on markets and on consumers:
 - to justify their work and their budget to stakeholders.
 - and to improve their internal investigative and decision-making processes.
- This assessment can be done either by:
 - calculating the impact of the overall decisions taken by the authority or,
 - performing ex post evaluations (either of individual cases or several cases together):
 - Antitrust decisions.
 - Merger decisions.
 - Remedies.



Ex post evaluation

Introduction

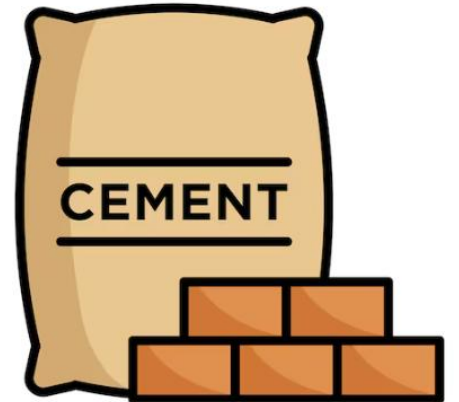
- Aim —————> to evaluate if an intervention has achieved its objectives:
 - and, if not, the reasons it failed to do so.
- Usefulness:
 - Better design of future interventions.
 - Test the validity and precision of the quantitative predictive techniques underpinning the decision and improve their design and use.
 - Verify the soundness of the economic theories on which the decisions are based.



Ex post evaluation

CNMC's experience

- With the previously outlined objectives in mind the CNMC has started working on ex post analysis of both antitrust and merger cases.
- Both studies are a work in progress and contain confidential information.
- The analyzed cases are:
 - Sobres de papel → bid rigging case.
 - ÇIMSA/ Activos CEMEX → merger case in the market for the manufacture and sale of white cement.



Sobres de papel

Ex – post analysis

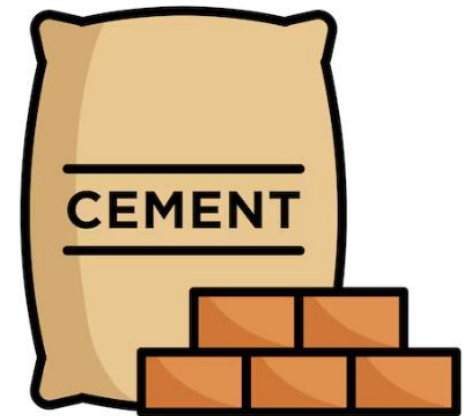
- Bid rigging case.
- **Why** this case:
 - Bid rigging cases are particularly important for our authority:
 - Economic intelligence unit to boost ex officio detection.
 - It was a particularly long infringement and widely publicized.
 - It involved what seemed to be a homogeneous good.
 - Tender data was available for the infringement period.
- **But :**
 - Data problems: frequency and comparability.
 - Not easy to find comparable tenders after the infringement.



ÇIMSA/ Activos CEMEX

Introduction

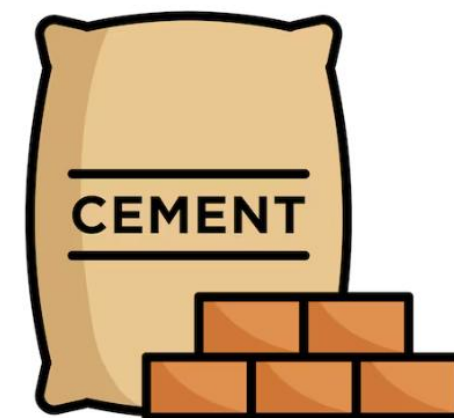
- Merger case in the market for the manufacture and sale of white cement.
- Why this case:
 - Homogeneous good and low innovation market.
 - Few participants in the market.
 - Both market shares and prices had been very stable.
 - Price and cost data were gathered to assess the impact of the merger.
 - Clear theory of harm:
 - Risk of increase in prices due to the decrease in the number of competitors and limited switching possibilities.
 - Risk of coordinated effects.



ÇIMSA/ Activos CEMEX

Risk of increase in prices

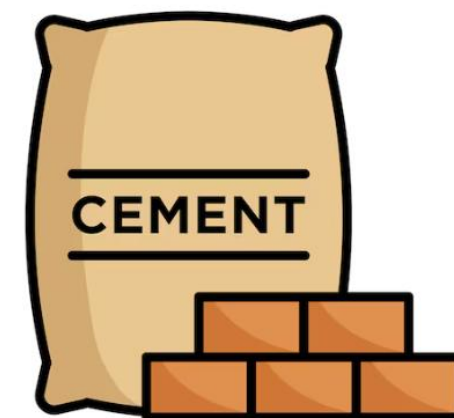
- Market segmented by:
 - Bulk → 400km isochrones (5 areas).
 - Bagged → national.
- Switching suppliers was difficult due to the low number of operators and the limited geographical reach:
 - [60-70]% of the total volume of bulk white cement would lose alternatives and have 3 or less alternatives of supply after the merger.
 - Especially relevant the number of delivery points that would lose alternatives to either 1 or 0 after the merger [10-20]% of all bulk white cement.



ÇIMSA/ Activos CEMEX

Risk of increase in prices

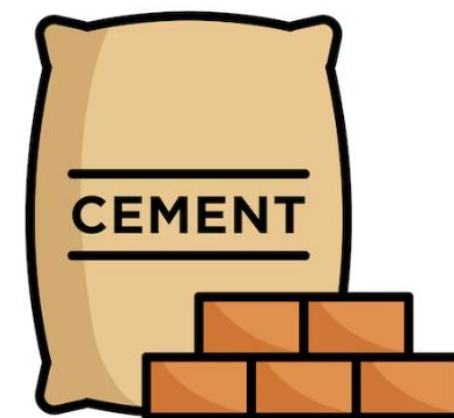
- Companies provided data (2016 – 2018) on:
 - **final prices** (including discounts) and,
 - **costs** (production, transport and warehousing costs).
- Weighted average prices and margins were calculated:
 - Estimate the **gross margin by order** to analyze the variation (country, different areas, isochrones) depending on the competitive conditions present in each of them.
 - Margins were higher in the areas most affected by the merger.
- Remedies:
 - Divestment of a silo and it's goodwill.
 - Use of Motril's silo to supply the customers of the parties in the south of Spain.



ÇIMSA/ Activos CEMEX

Risk of coordinated effects

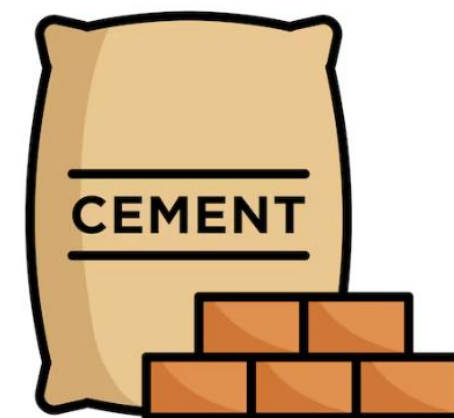
- Not the main theory of harm.
- Coordinated effects derived from the transaction were likely to occur.
- Number of alternatives after the merger would be very limited:
 - Higher incentives and capacity to allocate customers.
 - But prices were not transparent: long-term relationships.
 - Entry in the market was not probable.
 - Previous antitrust cases in the sector.



ÇIMSA/ Activos CEMEX

Ex post analysis

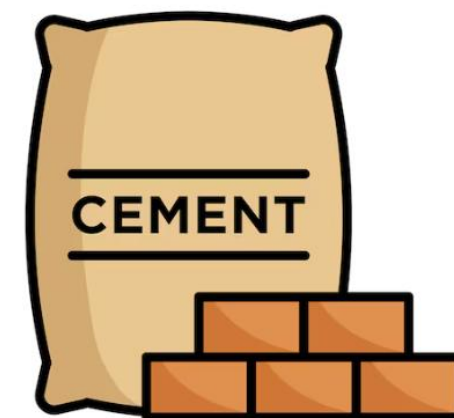
- **Aim** is to analyse whether the remedies imposed had been effective to lessen the risks described.
- Monitor the prices and costs in the market.
- Since 2020 competitors in the market provide monthly information on (i) **prices** and (ii) **costs**.
- Market participants provide monthly data on price and volume:
 - By costumer.
 - By type of cement.
 - By packaging and delivery type.
 - By location.



ÇIMSA/ Activos CEMEX

Ex post analysis

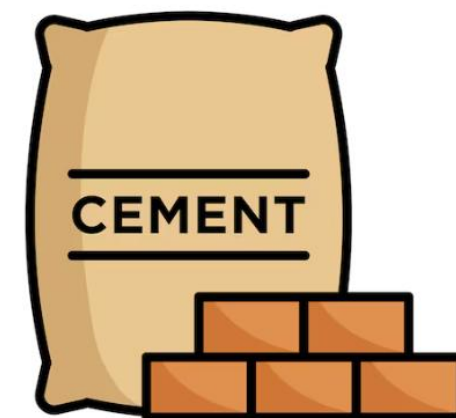
- Market participants provide monthly cost data:
 - By cement type.
 - Costs: production, store and transport.
- We analyse how market conditions have changed:
 - Assess whether the merged entities behaviour is different from the rest of competitors.
 - If prices and margins have increased, it would be interesting to assess whether:
 - Specific to those clients/areas that have less alternatives in the market.
 - Generalized increase of prices: **coordinated effects**.



ÇIMSA/ Activos CEMEX

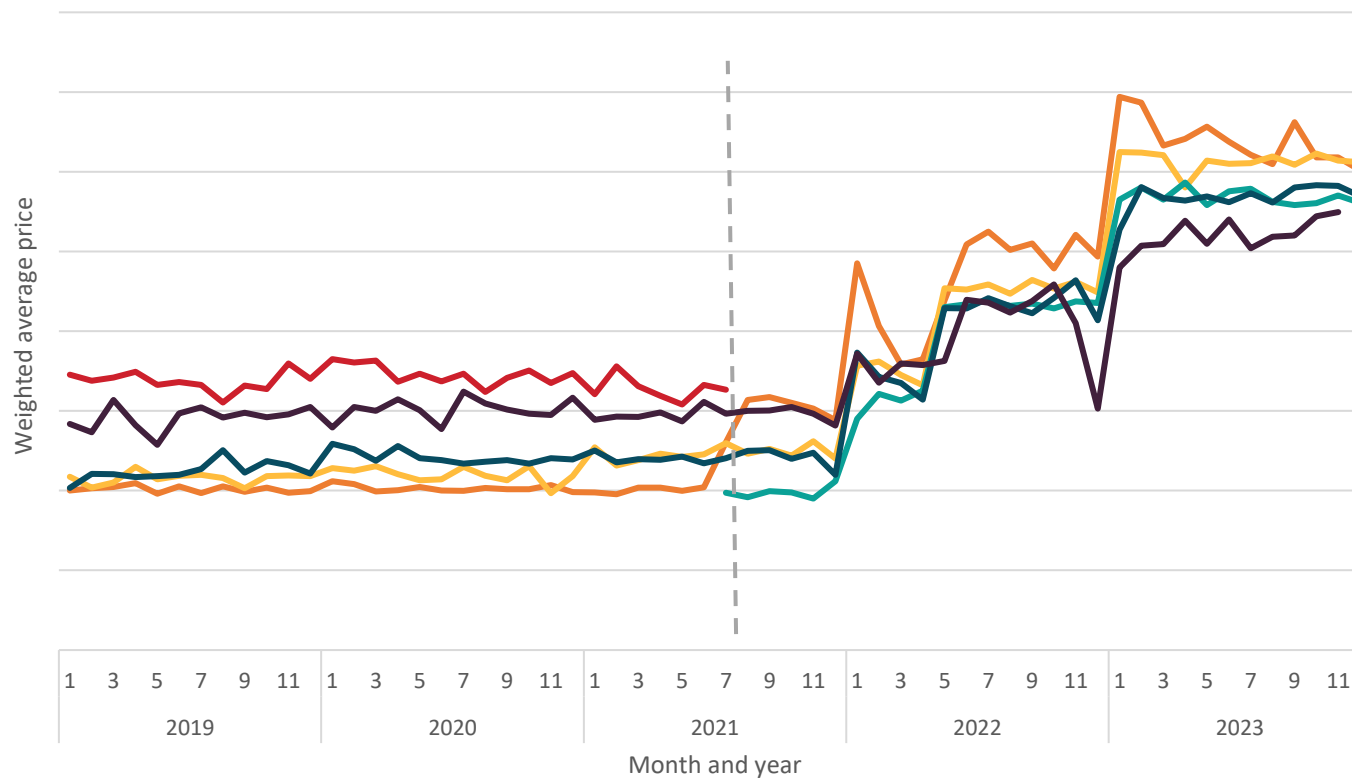
Ex post analysis

- Ongoing project —————> awaiting 2024 data:
 - Data from 2016 to 2024.
 - The merger was finalized on July 2021.
- Partial analysis:
 - Evolution of prices by packaging and producer.
 - Evolution of costs by packaging and producer.
 - Evolution of margins by packaging and producer.
 - Estimate the weighted average price, cost and margins by area and packaging.
 - Evolution of market shares.



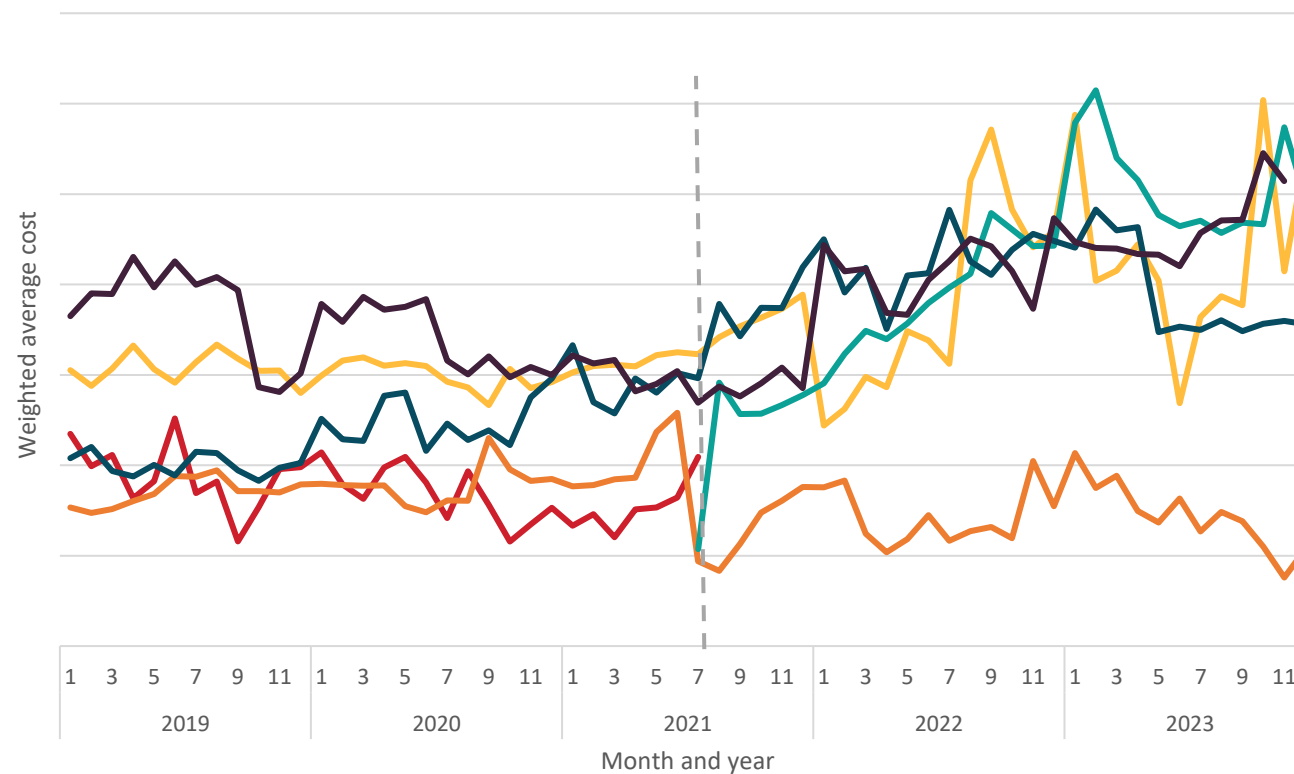
ÇIMSA/ Activos CEMEX

Ex post analysis – Bagged white cement price



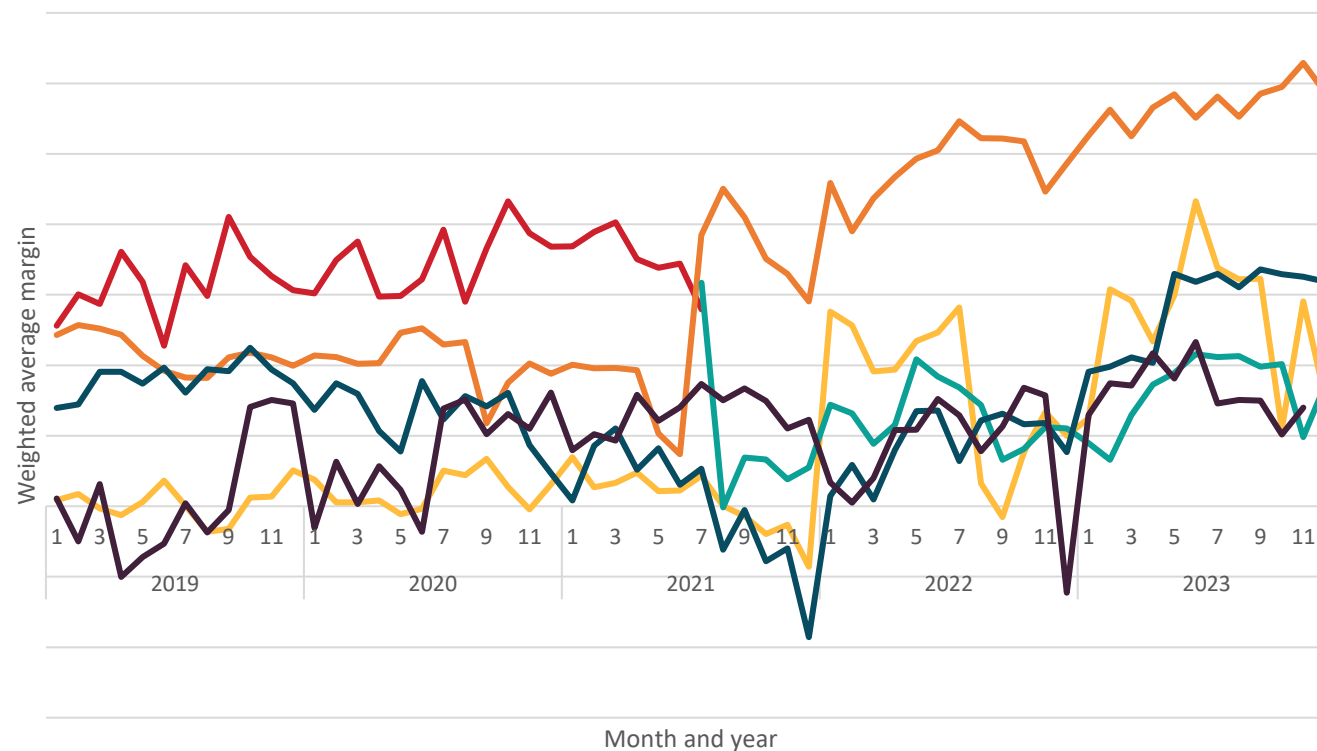
ÇIMSA/ Activos CEMEX

Ex post analysis – Bagged white cement cost



ÇIMSA/ Activos CEMEX

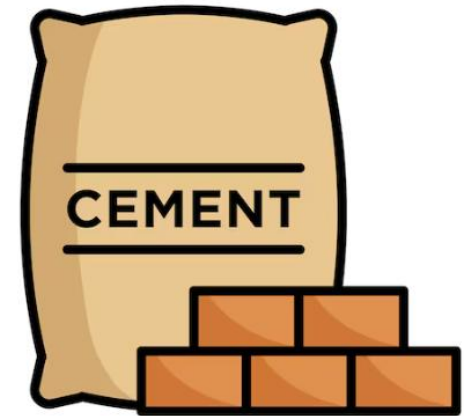
Ex post analysis – Bagged white cement margins



ÇIMSA/ Activos CEMEX

Ex post analysis

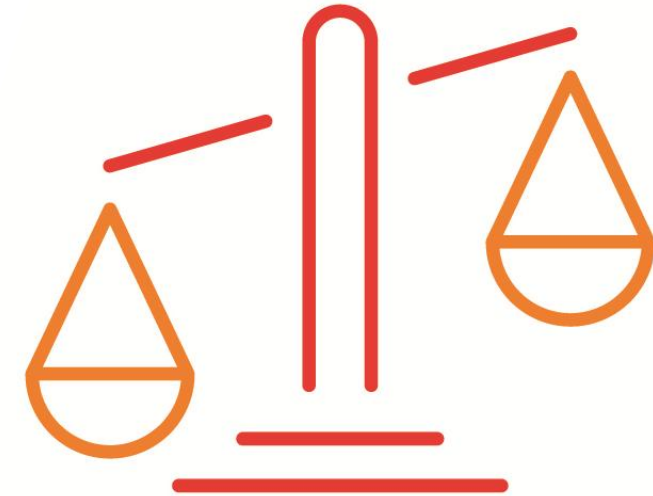
- Partial analysis that makes it difficult to obtain strong conclusions.
- Next step → regression analysis:
 - Diff – in – diff analysis .
 - It will allow us to reach a conclusion on whether our decisions was or not correct and how we could improve our methodologies in future mergers.
- Useful for future ex post analysis:
 - Data.
 - Time.
 - Market knowledge.



Ex post evaluation

Conclusion

- Aim is to evaluate if an intervention achieved its objectives.
- Case selection is crucial:
 - Data: most important input → data intensive cases.
 - Accessibility of data after the intervention.
 - Stable markets.
 - Cases related to:
 - Priorities of the authority.
 - More frequent cases.
- Time and available staff can be challenging problems.



Thank you

www.cnmc.es

